

**John J. Igliazzi**  
**Council President**  
**Councilman - Ward 7**



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PROVIDENCE, RI 02903  
WARD7@PROVIDENCERL.GOV  
OFFICE: 401-521-7477

March 15, 2022

The Honorable Marvin Abney  
Chair, House Committee on Finance  
82 Smith Street  
Providence, RI 02903

Honorable Chair Abney and Members of the Committee,

Thank you for the opportunity to testify today and express my support for **House Bill 7499**. As City Council President, I respectfully ask you to consider this critical legislation that would allow the City of Providence to help address its serious pension system problems by issuing pension obligation bonds not to exceed \$515 million.

Attached you will find four (4) exhibits, including:

- City Council Resolution No. 78 supporting the issuance of general obligation bonds and setting strict financial guardrails on any transaction
- City Council Resolution No. 95 setting a special city-wide election on June 7, 2022, allowing residents to decide on whether the city should issue bonds
- Graph of the Total Pension Plan Market Values
- Graph of the Investment Performance Analysis

Again, I thank you for your time and consideration. Should you have any questions or concerns, please do not hesitate to reach me in the City Council office at 401-521-7477.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Igliazzi".

John J. Igliazzi Esq.  
President, Providence City Council  
Councilman, Ward 7

# RESOLUTION OF THE CITY COUNCIL

No. 78

Approved February 23, 2022

WHEREAS, The City Council of the City of Providence endorses and supports the issuance of general obligation bonds in order to finance a contribution towards the unfunded pension liability of the employee retirement system of the City; and

WHEREAS, Special legislation approved by the General Assembly is required in order for the City to issue bonds for that purpose.

NOW, THEREFORE, BE IT RESOLVED, That the City Council hereby requests that the General Assembly enact legislation authorizing the City to issue general obligation bonds to finance a contribution towards the unfunded pension liability of the Employee Retirement System of the City.

BE IT FURTHER RESOLVED, That the City Council's support for such general obligation bonds is contingent upon the following financial guardrails being implemented for the life of such bonds:

1. The sum of the pension obligation bond payments and the City's Actuarial Determined Contribution (ADC) shall not be less than the Fiscal Year 2022 ADC of \$93.1 million annually for the first ten years of the bond.
2. The City shall not close any pension obligation bonds without City Council approval, and such bonds shall not have an interest rate in excess of 5%.
3. The expected annual rate of return shall not exceed seven (7%) percent.
4. The salary scale shall not exceed three (3%) percent per the current actuarial experience study.
5. The City shall make 100% of its annual ADC payments.

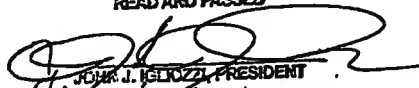

BE IT FURTHER RESOLVED, That the City Solicitor, working with Bond Counsel for the City, ensure that the appropriate legislation is submitted in a timely manner to the Rhode Island General Assembly.

BE IT FURTHER RESOLVED, That the City Council is fully committed to pursuing all available pension reforms in order to address the unfunded pension liability of the City's Employee Retirement System.

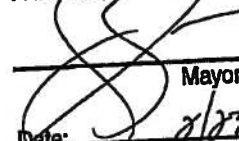
BE IT FURTHER RESOLVED, That this Resolution shall take effect upon its passage.

BE IT FURTHER RESOLVED, That upon passage, copies of this Resolution be transmitted to the Senate President, the Speaker of the House of Representatives, and the members of the Providence Delegation.

BY CITY COUNCIL  
FEB 17 2022  
READ AND PASSED

  
JOHN J. IORIO, PRESIDENT  
  
Tina L. Mastrolanni, CLERK  
ACTING

I HEREBY APPROVE.

  
Mayor  
Date: 2/23/22

A True Copy,  
Attest  
  
Tina L. Mastrolanni  
Acting City Clerk

# RESOLUTION OF THE CITY COUNCIL

No. 95

Approved March 11, 2022

WHEREAS, In response to having one of the lowest funded pension plans in the nation and limited City-controlled options to address these challenges, Mayor Elorza, the Providence City Council, The Providence Foundation, The Greater Providence Chamber of Commerce, and the Rhode Island Public Expenditures Council convened a Pension Working Group of leaders from the public, private, and not-for-profit sectors to review the funding status of the City of Providence Employee Retirement System (the "ERS"), identify risks and benefits of meaningful options to stabilize the ERS, and provide recommendations to inform policy deliberations for elected and appointed leaders and the public; and

WHEREAS, Following six months of review, discussion, deliberation and public meetings, the Pension Working Group presented a report on January 31, 2022 stating that it supports the City seeking state legislative authorization and voter approval to issue pension obligation bonds that would deposit \$500,000,000, net of expenses of issuance, into the ERS if advantageous borrowing conditions and terms are met; and

WHEREAS, Legislation that would authorize the City to issue not to exceed \$515,000,000 general obligation pension obligation bonds is pending in the Rhode Island General Assembly; and

WHEREAS, The Providence City Council wishes to place the question of the issuance of pension obligation bonds before the electors of the City of Providence prior to enactment of the legislation.

NOW, THEREFORE, BE IT RESOLVED, That there shall be submitted to the electors of the City of Providence at a special city-wide election to be held on May 17, 2022 the following non-binding referendum question in substantially the following form:


"Shall the City of Providence finance a contribution towards the unfunded pension liability of the Employee Retirement System of the City of Providence by the issuance of general obligation bonds in a principal amount not to exceed \$515,000,000?" (THIS QUESTION IS NON-BINDING).

BE IT FURTHER RESOLVED, That the City Clerk and the Clerk of the Providence Board of Canvassers forward certified copies of this Resolution to the Secretary of State, with a notice that the above question be placed on the ballot at a special city-wide election to be held on June 7, 2022.

This Resolution shall be effective upon passage.

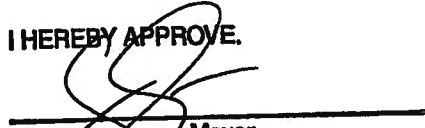
IN CITY COUNCIL

MAR 03 2022  
READ AND PASSED

  
JOHN J. IGLIOZZI, PRESIDENT  
Tina L. Mastrolanni  
CLERK

ACTING

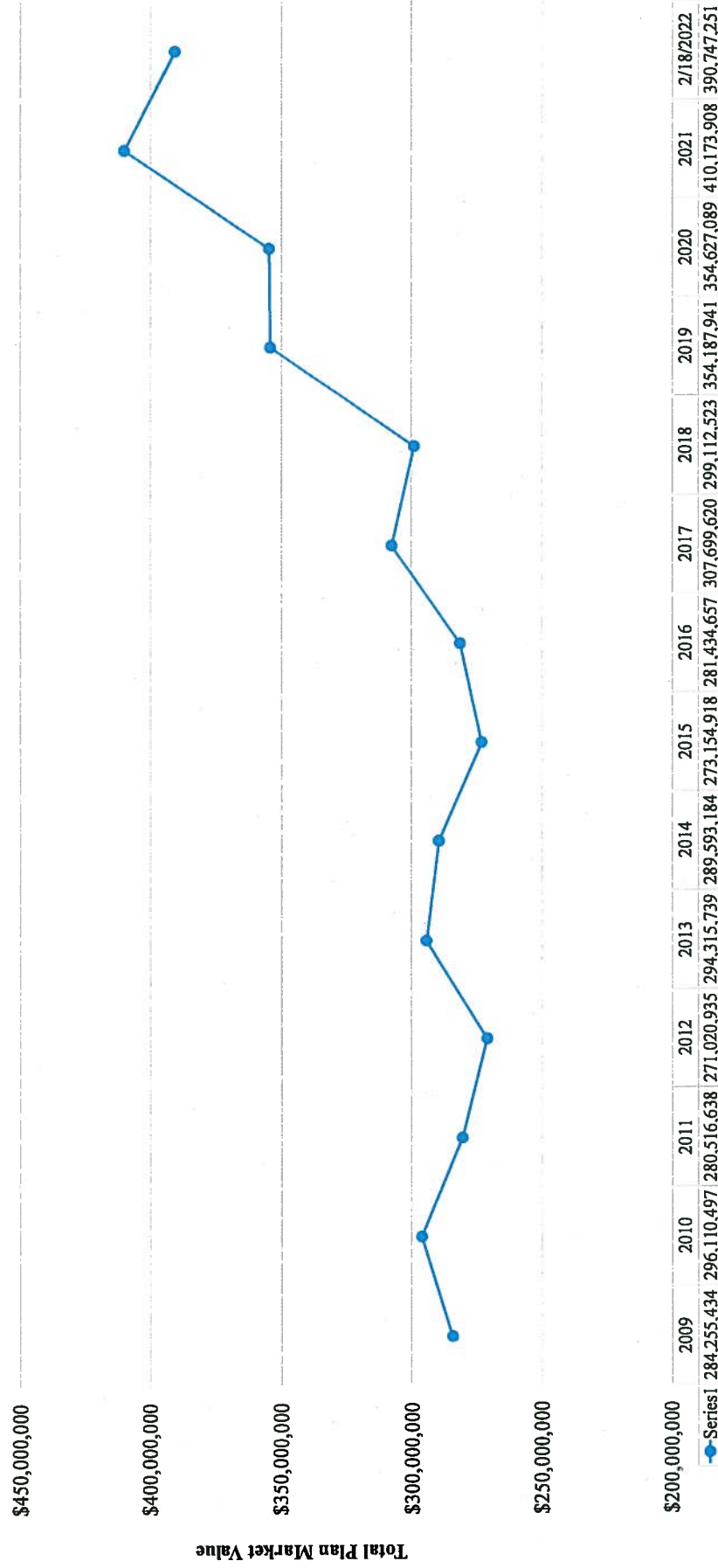
I HEREBY APPROVE.

  
\_\_\_\_\_  
Mayor  
Date: 3/11/22

A True Copy,  
Attest

  
Tina L. Mastrolanni  
Acting City Clerk

## Historical Calendar Year Ending Total Plan Market Values

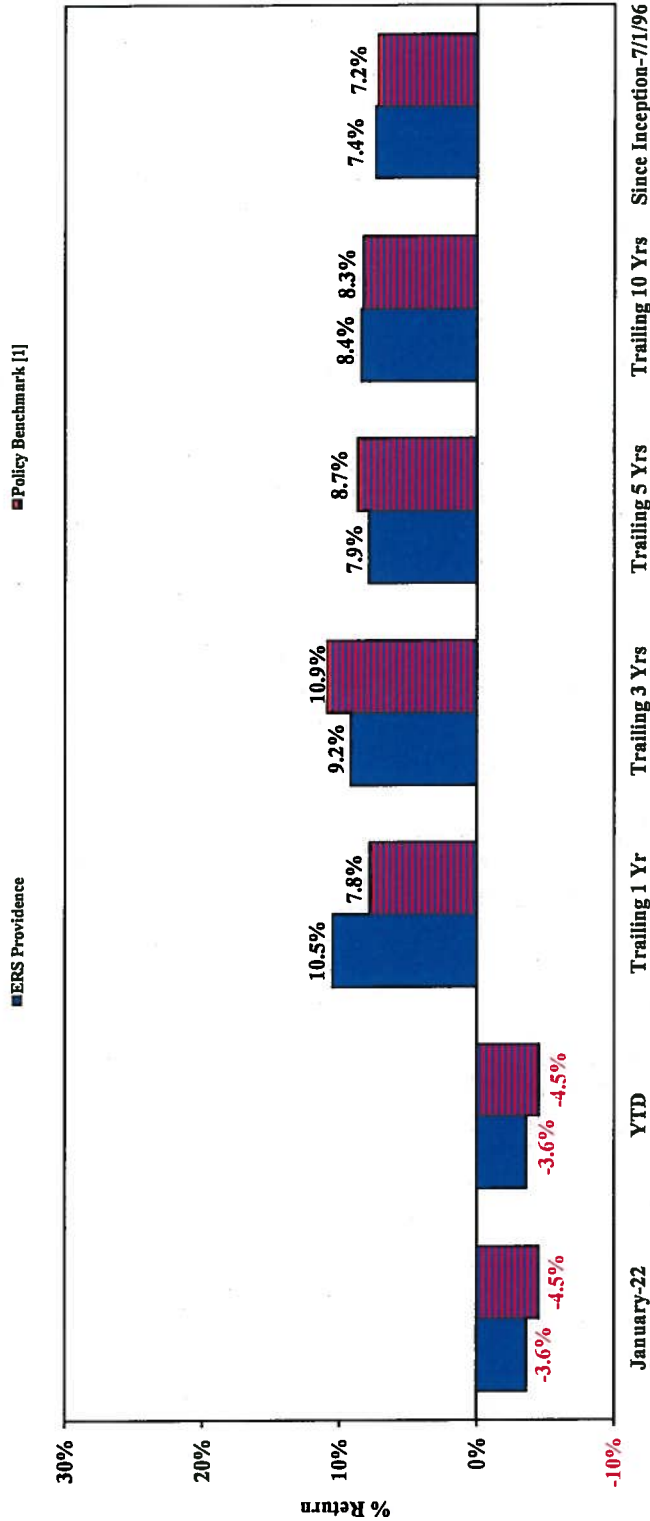


Calendar Year Ending

Market Value Data Source: State Street Bank

# Investment Performance Analysis

January 2022



Returns for periods of greater than one year are annualized.

Actuarial Rate of Return: 7.0%

Total Market Value (in thousands): \$394,366

## [1] Investment Policy Benchmark

7/1/88 to 12/31/01: 5% S&P 500/7.5% WII LCG/7.5% WII LCV/5% WII MCG/6.75% WII MCV/5% WII SCV/8% MSCI EAFE/38% BBG Bar Int. Govt/Credit/3% FTSE Non-US/7.5% 3 Mth T-Bill  
 1/1/02 to 3/31/06: 8.2% Rus 1K Val/8.8% Rus 1K Gr/10.8% Rus 1K Gr/10.8% Rus 2500 Gr/8% Rus MCV/11.8% MSCI EAFE/30% BBG Bar Int. Govt/Credit/3% FTSE Non-US/7.5% HFRI Fd of Fds/4% S&P 500 + 4%  
 4/1/06 to 4/30/08: 8.2% Rus 1K Val/8.8% Rus 1K Gr/10.8% Rus 2500 Gr/8% Rus MCV/11.8% MSCI EAFE/28% BBG Bar Int. Govt/Credit/3% FTSE Non-US/11.5% HFRI Fd of Fds/4% S&P 500 + 4%  
 5/1/09 to 12/31/11: 7% Rus 1K Val/5% Rus 1K Gr/8.5% Rus 2500 Gr/8% Rus MCV/14% MSCI EAFE/28% BBG Bar Int. Govt/Credit/6% FTSE Non-US/12% HFRI Fd of Fds/3% S&P 500 + 4%  
 1/1/12 to 9/30/19: 7.5% Rus 1K Val/5.25% Rus 1K Gr/10% Rus 2500 Gr/9% Rus MCV/14.75% MSCI EAFE/24% BBG Bar Int. Govt/Credit/5% FTSE Non-US/13% HFRI Fd of Fds/4% S&P 500 + 4%  
 10/1/19 to 3/31/21: 8% Rus 1K Val/5.25% Rus 1K Gr/2.5% MSCI USA Mom/2.5% MSCI USA Sec Neu Qual/10% Rus 2500 Gr/9% Rus MCV/12.75% MSCI EAFE/19% BBG Bar Int. Govt/Credit/4%  
 4% Bar 3-10 Treas/3% FTSE Non-US/16% HFRI Fd of Fds  
 4/1/21 to Present: 9.75% CRSP Lg Val/6.75% Rus 1K Gr/3% MSCI USA Mom/3% MSCI USA Sec Neu Qual/6% Rus MCV/3.5% CRSP MCV/5.75 Rus 2000 Gr/5% CRSP MCG/6% R 2K Val/4.5% CRSP SCV/6.75% MSCI EAFE/6% MSCI ACWI Ex US/19% BBG Bar Int. Govt/Credit/4% Bar 3-10 Treas/3% BBG Gbl Agg x USD FI AJ RIC/8% HFRI Fd of Fds

**DISCLOSURE- The ERS Providence returns are presented time-weighted and net of manager and any other applicable fees including Wainwright's advisory fee. Past performance is not a guarantee of future investment results.**

Board of Investment Commissioners  
 Employees' Retirement System  
 Providence, RI